



STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

August 9, 2005 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Luce called the August 9, 2005 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Dick Fryhling
Hedia Adelsman
Chris Towne
Judy Wilson
Tim Sweeney
Jim Luce

Community, Trade & Economic Development
Department of Ecology
Department of Fish and Wildlife
Department of Natural Resources
Utilities and Transportation Commission
Chair

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Irina Makarow – Siting Manager, Ann Essko – Council Attorney

Guests in attendance were:

Darrel Peeples – Attorney; Curt Leigh – Fish & Wildlife, Alan Harger – Dept. of Transportation; Tom Donovan – Gray Harbor Invenergy; Dan Foley – Invenergy, Michael Tribble – Counsel for the Environment

Guests attending via phone:

Mot Hedges – Energy Northwest; Karen McGaffey – Perkins Coie, Scott Williams – Puget Sound Energy; Mike Robertson – Resident Opposed to Kittitas Turbines

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. Under item # 6, it was requested to remove the action item portion. The agenda was accepted with this change.

4. MINUTES

The minutes from the July 12, 2005 special and regular monthly meetings were presented for adoption. **Chris Towne moved to accept all of the minutes as proposed and Hedia Adelsman seconded the motion. The minutes were approved unanimously.**

5. WILD HORSE WIND POWER PROJECT

<i>Governor Approval</i>	<i>Irina Makarow, EFSEC</i>
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Governor Gregoire approved the Wild Horse Wind Power Project (WHWPP) on July 26th, in Ellensburg, Washington. Staff has issued notice of the Governor's decision to parties to the adjudication in this matter and EFSEC's mailing list.

<i>Transfer of Site Certification Agreement</i>	<i>Irina Makarow, EFSEC</i>
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In a letter dated August 4, 2005, Wind Ridge Power Partners, LLC (Wind Ridge or Project) and Puget Sound Energy, Inc., (PSE) requested that EFSEC approve transfer of control of the Wild Horse Wind Power Project Site Certification Agreement (SCA) to PSE. If approved by EFSEC, the transfer of control to PSE would trigger technical amendments to the SCA to formally recognize the change in ownership and commitments made by the new owners to comply with all conditions of the existing SCA. PSE will be sending copies of the PSE 1994 Annual Report that were to be included with the letter under separate cover, and copies of the report will be forwarded to the Council. Mr. Fiksdal also noted that on page two of the Wind Ridge/PSE letter, text referring to "Section" 4.1 and 4.1.2 was citing the Application for Site Certification, and not the Site Certification Agreement.

In accordance with WAC 463-66-030, the Council needs to set a schedule for action on this request. Staff recommends a special meeting and informational hearing to be held at the Hal Holmes Community Center in Ellensburg at 1:00 p.m., Tuesday, August 30th. The Council would receive public comments on the request to transfer, and consider the information regarding the transfer and act on Wind Ridge's request to transfer control of the WHWPP to PSE and amend the SCA as appropriate. Discussion ensued as to whether the SCA would actually be amended through such Council action, and Mr. Fiksdal clarified that an amendment would be required to reflect the new certificate holder, but that otherwise no terms or condition of the SCA were going to change as a result of the transfer.

Councilmembers discussed their availability and the time of day for the proposed August 30th special meeting and indicated that some may not be able to participate in person, but may do so by phone. A 1:00 pm start time was tentatively decide upon. Councilmember Sweeney requested that time be taken at the special meeting to walk through the financial provisions that would be different between ownership by Wind Ridge vs. ownership by PSE. Finally, Mr. Fiksdal also reported that as SEPA official he has issued a Determination of Non-Significance (DNS) with associated checklist, and that the DSN will be published in the SEPA register this week.

Motion: Judy Wilson moved to adopt the schedule proposed by staff to hold a special Council meeting on August 30, 2005 to consider the request for transfer of the WHWPP

SCA from Wind Ridge to PSE and Dick Fryhling seconded it. The motion was passed unanimously.

<i>Plan Review Delegation Summary</i>	<i>Irina Makarow, EFSEC</i>
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Following the Governor's approval of the Project, the certificate holder has indicated it is their intent to proceed with construction of the WHWPP in the fall of 2005. The SCA requires that a number of plans be submitted to the Council prior to construction and operation of the Project. EFSEC staff is proposing that the Council delegate the review and approval of certain plans to the EFSEC manager. This delegation would follow a similar protocol approved by the Council for the Chehalis Generation Facility. A plan review and approval flow chart was distributed for Council review.

EFSEC staff explained that this delegation is intended to alleviate the need for Council members to review each and every plan and to speed up the review process. Many of the plans may be very technical addressing requirements for which the state and local governmental agencies have specific expertise. EFSEC will enter into contracts, as laid out in the "Required Plans and Approval" document for this Project, to tap agency expertise.

Staff recommends that the Council delegate authority to the EFSEC Manager to approve or deny plans presented by the certificate holder for the construction of the Project, with the exception of plans related to Site Decommission and Restoration.

Councilmembers agreed in general with the delegation proposed by staff provided that: 1) recommendations from the Technical Advisory Committee would come to review before the Council; 2) that the Council be advised of any coordination activities and comments that were obtained from state, local and tribal governments on the Cultural Resource and Hunting Plans prior to approval by the Manager; and 3) that the plan review/delegation flowchart be revised to reflect that Manager review of the plans is integral to the entire process.

MOTION: Dick Fryhling moved to approve the delegation process proposed by staff for the review of WHWPP plans consistent with the changes discussed by the Council and noted above and Chris Towne seconded the motion. The motion was passed unanimously.

6. SATSOP COMBUSTION TURBINE PROJECT

<i>Project update</i>	<i>Irina Makarow, EFSEC</i>
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Tom Donovan, Grays Harbor Energy, presented an update on their efforts to proceed with the Satsop Combustion Turbine (CT) Project. In summary, they have applied for transmission service with BPA; asked for administrative changes to the current air permit and are finalizing an air permit extension request, which will include an updated Best Available Control Technology (BACT) review that they plan to submit later in August. Dan Foley from Invenenergy Marketing in Chicago, updated the Council on marketing efforts and any impediments of those efforts. He indicated they are in serious discussions with an anchor tenant for delivery in 2007.

Given that construction activities are at least nine months into the future, Grays Harbor Energy is proceeding with managing the site in a preservation mode, to include vacating 22 acres of laydown areas with some material being moved to secured portions of the project site. All temporary areas and rental buildings were also vacated. Security of the overall development park has been turned over to the Grays Harbor Public Development Association. On-site staff include an electrician to maintain the energized electrical systems within the fenced project site.

The report concluded with a discussion of the status of the USGS Satsop River gauging and monitoring station. USGS has determined that virtual flow monitoring during low flow periods was too inaccurate to be reliable, so the monitoring station will be repaired using armored cables and then placed back into service.

7. PROJECT UPDATES

Columbia Generating Station

<i>Operations</i>	<i>Mot Hedges, Energy Northwest</i>
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Mot Hedges reported that the plant is operating at 100 percent power and all systems are functioning well. Energy Northwest is preparing an application for renewal of the Columbia National Pollutant Discharge Elimination System (NPDES) wastewater discharge permit for submittal in September.

WNP-1

<i>Offsite Environmental Mitigation</i>	<i>Mike Mills, EFSEC</i>
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The EFSEC WNP-1/4 Offsite Environmental Mitigation subcommittee plans site visits for August 10th in Benton County. They will visit the Hanford Reach Interpretive Center project and the Tapteal Greenway project sites. Several other projects have been identified in Benton County and the subcommittee will schedule site visits in the near future.

Chehalis Generation Facility

<i>Operations</i>	<i>Mike Mills, EFSEC</i>
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During the month of July 2005, the Chehalis Generation Facility operated about 34 percent of the time, generally running during the day and cycling down in the evenings. There were no safety or environmental issues during the month.

The Council received a letter from John Mudge, a citizen interested in the Chehalis project and member of the Critical Issues Counsel. The letter addressed his interest in local and national fresh water conservation concerns. He requested that the Council to be very aware of this issue when working with new applications and that the Council require the use of air cooling instead of water cooling when technically possible.

Kittitas Valley Wind Power Project

<i>Pre-hearing conference</i>	<i>Irina Makarow, EFSEC</i>
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A pre-hearing conference is scheduled for August 22, 2005 at 1:00 pm in the EFSEC offices. A meeting notice and all preparatory materials will be sent to Council members soon.

8. EFSEC RULES

<i>Revision of EFSEC's Air Rules</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow presented a red-lined version with staff recommended changes to amend EFSEC's General and Operating Permit Regulation for Air Pollution Sources, Chapter 463-78 WAC, to Council members at the June 14, 2005 Council meeting. The preliminary version was

also sent to EFSEC applicants, certificate holders and federal and state land local air regulatory agencies for their review and comments.

Comments received from Chehalis Power, Energy Northwest, Ecology (as our permit writer) and US EPA Region 10 were summarized and provided to the Council. Overall, Energy Northwest provided some good comments regarding the registration rule, and it has been revised accordingly. US EPA provided comments on the approvability of the revised rules into the State Implementation Plan (SIP) with a few minor changes they were generally approvable into the SIP.

Councilmembers Towne and Adelsman questioned staff about whether these rules were consistent with current applicable federal new source review rules. EFSEC staff explained that certain provisions of the federal rules had been overturned by federal courts, and that as a result, the newest Ecology rules (in effect as of mid-February 2005) would likely not be approvable into the SIP because they were no longer consistent with federal requirements. However, adoption of Ecology's February 2005 rules was still warranted to maintain clarity for certificate holders and future applicants, and state wide consistency. EFSEC would follow Ecology's lead on future rule amendments to incorporate federal requirements.

Issuance of the CR 102 would begin the public comment process on the rule revisions, with a hearing to coincide with a monthly Council meeting. Staff has also prepared a Determination of Non-Significance (DNS) that would be issued with the CR 102.

Motion: Chris Towne moved that EFSEC issue a CR 102 for proposed revisions to EFSEC's General and Operating Permit Regulation for Air Pollution Sources and Hedia Adelsman seconded the motion. The motion passed unanimously.

9. CHAIR'S REPORT

Jim Luce reported on a liquefied natural gas conference he is planning to attend and is encouraging other Council members and staff to attend. The Gasification Technologies 2005 conference will be held in San Francisco October 9-12, 2005 and will provide information on that technology, specifically focusing on liquid gasification and coal futures. For those interested in attending, contact Mariah Laamb, Council Secretary, to register.

10. OTHER

The next Council meeting is scheduled for September 13, 2005, however several staff will be out of the office on leave. There was discussion of rescheduling the meeting but it was determined to keep the meeting on the 13th. Rescheduling the meeting may be considered again in early September.

11. ADJOURN

Chair Luce adjourned the meeting at approximately 2:30 p.m.